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PAKISTAN

We believe President Zia will continue in office during the next 18 months. We doubt, however, that he can achieve his stated goal of establishing an "Islamic Democracy" in Pakistan through limited nonparty elections without taking the country through a period of protracted turmoil. [REDACTED]

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Senior generals will remain extremely reluctant to replace Zia at the behest of opposition politicians or to make a deal allowing the Pakistan People's Party (PPP) to return to power. Prolonged future violence, however, could seriously undermine support for Zia among senior officers. [REDACTED]

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Zia's Proposal to End Martial Law

Zia has not yet firmed up the details of his plan to end martial law and hold national elections, and opposition groups will maintain pressure for:

- The participation of political parties in the elections.
- A return to the parliamentary system of the 1973 constitution rather than the strong presidential system Zia wants.
- No military constitutional veto over policies of the civilian government.
- No general amnesty from prosecution or other action for the military's activities under martial law. [REDACTED]

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Zia so far has controlled the initiative, forcing his opponents to react to his proposals. In 1984 he will seek additional opportunities to divide the opposition through

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negotiations with moderates and conservatives. Zia believes the PPP would win a partisan election but he might allow PPP moderates or their surrogates to run individually in order to reduce PPP opposition to his plans. Zia may choose to advance the elections timetable to the fall of 1984 to assuage other moderates and/or postpone constitutional changes until an elected national assembly can meet. [REDACTED]

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We believe the PPP has little likelihood of returning to power within the next 18 months. The PPP's major problem so far has been its inability to foment significant civil disobedience in Punjab, where it retains considerable support but lacks a strong organization. PPP leaders know that the Movement for the Restoration of Democracy--a multi party alliance dominated by the PPP--has little chance of ending military rule unless it can demonstrate major support in Punjab. [REDACTED]

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The right is critical of Zia but not hostile.

-- The principal rightist party, the Jama'at-i-Islami (JI), is unwilling to confront Zia fearing his violent ouster would bring to power a PPP-left dominated government that would reverse the President's Islamization measures.

-- Pakistan's other conservative parties have limited support and share the JI's reluctance to oust Zia. [REDACTED]

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Foreign Involvement

The unrest in Sind last summer and fall provided both the Indians and the Soviets with an opportunity to put pressure on Zia by aiding his opponents. Evidence is growing that New Delhi, which would prefer a PPP led civilian government, is providing

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training to Al-Zulfikar terrorists and covert financial assistance to the PPP. [REDACTED]

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We believe the Soviets attempted to fan unrest in Sind although there was little evidence of any direct role. Moscow probably believes that support for such destabilization efforts is a low-cost way of forcing changes in Zia's Afghan policy and could lessen his support for the Afghan insurgency. The magnitude of future Soviet efforts will probably depend on Moscow's perception of Zia's domestic standing. The Soviets probably now believe that Zia has weathered the storm. Any overt evidence of a Soviet or Indian hand in Pakistan's domestic troubles would strengthen Zia's position and weaken the opposition. [REDACTED]

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Military Versus Political Rule

We believe that the policies of future governments will be much more important in determining Pakistan's political stability than whether such governments are military or civilian. So far, neither civilian nor military governments have been able to prevent the growth of regional tensions. Bhutto, a Sindhi, had no problems with Sindhi separatism, but was much more troubled than Zia by problems in Baluchistan and the North-West Frontier Province. [REDACTED]

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Military rule has contributed to a decline in the ability of institutions such as the bureaucracy and the judicial system to play a unifying role in Pakistan. Rivalries among politicians, their tendency to put factional and personal interests ahead of those of Pakistan, and their tendency to seek victory over

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opponents instead of compromising have contributed greatly to Pakistan's political problems. [REDACTED]

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Economic Outlook

Pakistan's continued favorable economic performance was an important factor in keeping anti-Zia protests limited outside of Sind. An economic decline or a rapid drop in remittances from Pakistani workers in the Gulf to Karachi, Punjab, and the North-West Frontier would lead to growing opposition by important interest groups and the public generally. In these conditions, a party like the Pakistan People's Party would find it easier to galvanize a broad opposition to the Zia government. [REDACTED]

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The Pakistani economy recorded its sixth consecutive year of rapid growth during Fiscal Year 1983, increasing by almost 6 percent. Agriculture, which remains the cornerstone of the economy, has benefited from favorable weather and increases in government procurement prices. Pakistan is now self-sufficient in all major food categories except edible oil. The Pakistan economy probably will continue to grow at or near these levels for the next two years. Stagnation in the levels of remittances and aid from Arab states and a deterioration in the balance of payments is likely to lead to a slowdown in growth after that period. [REDACTED]

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Although inflation was a concern of some of the protesters and many Pakistanis dislike the increases in fuel prices and reduced subsidies for food and fertilizer, the average Pakistani is better off since Zia came to power. Remittances from overseas workers and higher domestic wages have improved the purchasing

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power of many middle class and poor families as well as bazaar merchants. [REDACTED]

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Population Pressures

Population problems will continue to work against efforts by the Pakistani Government to achieve national integration and to establish a politically stable and economically prosperous nation through the end of the century.

- Population growth, with or without the presence of the Afghan refugees, will continue high; Pakistan's population will surpass 152 million by the end of the century.
- National, provincial, and city governments will have trouble coping with the problems of uncontrolled rapid urban growth.
- Interprovincial antagonisms, which have plagued every government since independence, will be intensified as an ever larger population competes for a share of already limited government services.
- The approximately 2.5 million Afghan refugees in Pakistan will increase pressure to settle outside the camps as their stay lengthens and prospects dim for an early return to Afghanistan. [REDACTED]

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The Pakistani government has failed to convince couples to have fewer children and has not instituted a family planning program acceptable to the majority. We believe that the buildup of demographic pressures will increase frustrations throughout Pakistani society that could translate into periods of social and

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economic unrest, which, in turn, could snowball into wider antiregime demonstrations with serious political implications for the Zia regime or its successors.



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Question #4

INDIA

Political Forces in India Today: Electoral Impact. Opposition parties are trying to make an electoral issue of several key developments, which they blame on Prime Minister Gandhi's domestic policies and leadership style. Gandhi in turn has accused the opposition of exacerbating these trends, which include:

- Regionalism and secessionism.
- Caste and religious-based conflict, often exploited by state and local politicians.
- Declining law and order, particularly in rural areas.
- Tensions between national and state governments over the division of authority and resource control.

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Key Economic Trends: Electoral Impact. India has not succeeded in improving the sluggish trend of long-run growth. Despite greater policy support and easing of bureaucratic restrictions, industrial and export performance has been poor. Power shortages remain a crucial bottleneck. Lack of success in petroleum exploration will add to future balance of payments problems.

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The economy is unlikely to be a major political factor in the election. Spurred by record foodgrain output this year, the economy may grow 6-6.5 percent above last year's poor

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performance. Gandhi can claim credit for improvement really due to good weather. International financial strains will not become evident until after the election. Opposition coalitions are not proposing any marked change in economic policy but will try to exploit any sharp price increase or temporary shortages. [REDACTED]

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Food Production. Food production growth rates are likely to level off just ahead of population growth rates, even with improved efficiency and expanded irrigation. As the growth rate slows, more expensive new technologies may push up foodgrain prices, and strain national and state budgets. India will require continuing imports of edible oils but only intermittent foodgrain imports. [REDACTED]

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Population Growth Rates and Prospects for Family Planning

Programs. India's annual population growth rate currently is estimated at 2.1 percent. The rate is not expected to dip below 2 percent until 1994. US Census Bureau projections indicate that India will reach a population of 847 million in 1990 and top 1 billion in 1998-99. India's population control effort seems to have levelled off. The size of the rural population is an obstacle to delivering family planning services effectively and increasing the contraceptive prevalence rate. A recent acceleration of the urbanization rate should help reduce population growth rates in the longer run. [REDACTED]

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Gandhi's Pre-Election Strategy. Although Gandhi has paid lip

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service to initiating reforms in her party in response to charges of corruption and governmental incompetence, her principal effort has been to:

- Project herself as the only national leader capable of safeguarding India's security and unity against domestic and foreign threats.
- Prevent electoral alliances among opposition parties-- which in combination could defeat her party in the election.
- Reassert her party's commitment to socialism in an effort to attract support from socialist and Communist Party of India moderates.
- Regain support of Muslims and untouchables by playing up the threat of Hindu nationalism from conservative opposition parties while also appealing to Hindus in Jammu and Kashmir, Punjab, and the Hindi-speaking states.

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Opposition Party Strategy. All opposition parties have focused their attack on Gandhi's domestic leadership--notably its centralization of decisionmaking at the expense of the states, failure to handle regional and religious strife effectively, and dynastic ambitions aimed at securing son Rajiv's succession in the Congress Party.

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Noncommunist opposition parties are trying to negotiate electoral alliances. Prospects for a durable alliance are problematical because of several difficulties:

- An older generation of quarrelsome opposition leaders is reluctant to cede leadership to younger and more flexible junior officers.
- Opposition parties represent a plethora of seemingly incompatible ideologies, personalities, and constituencies.
- Factionalism within opposition parties may prevent party leaders from striking meaningful deals with other parties.
- Gandhi may return to her familiar strategy of gaining support for one or more regional parties with promises of autonomy or more central aid. She may seek Indian Communist Party support if the regional parties reject her and an opposition coalition appears threatening.

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Foreign Policy Issues. Foreign policy issues will be generally less important than domestic issues in the election except in Tamil Nadu, where Gandhi's Sri Lanka policy will be a factor. Gandhi herself is playing up "the foreign hand" (chiefly, US and Pakistani) as a factor in domestic unrest. She hopes to rally electoral support by emphasizing the putative threat posed by unfriendly neighbors, particularly Pakistan aided by the US.

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Election Outcome. The Congress Party will probably secure a plurality (but not a majority) if--as we believe likely--opposition parties fail to form lasting electoral alliances. If Congress loses, a coalition government of Gandhi's opponents would be less stable than a single-party government because its member parties could seek concessions to their conflicting demands as the price of continued support--a pattern characteristic of the Janata coalition that governed from 1977-79. An opposition government would probably not make major changes in India's policies.

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Pakistan and the Sikhs. We do not have firm evidence concerning Pakistan's relationship with dissident Sikhs in Indian Punjab but would not be surprised if the Pakistanis were encouraging and perhaps arming Sikh leaders who enter Pakistan--without profering aid across the border.

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Bangladesh

We believe Ershad has a good chance of staying in power and establishing some semblance of civilian government by next year. Nevertheless, he will face serious difficulties in trying to move to civilian rule and become the next elected leader. His success in creating a popular civilian government will depend on his ability to:

- persuade the military to accept his political strategy and take a lower profile in a civilian government.
- establish a political base outside the military, probably through local government leaders and grassroots popular support.
- acquire broad-based support from the urban-based political parties. Unless Ershad works out a deal with some moderate opposition leaders, any civilian government he sets up will lack popular participation. [REDACTED]

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Ershad remains the least controversial and most senior officer among the other potential military contenders and the civilian opposition--while growing more vocal--is still factionalized. The military would not return power to weak civilian politicians. If Ershad fails to forestall antiregime political violence like that of last November, however, we judge that the hardline generals would remove Ershad and institute stricter martial law. [REDACTED]

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Although Ershad has undertaken reforms favorable to the private sector to halt severe economic decline--such as the divestiture of key industries and measures to broaden the national tax base--Bangladesh faces a difficult economic period and will continue to need foreign aid to bolster its economy. World Bank analysts project only modest rates of real GDP and investment growth. Economic growth could be hampered further by Bangladesh's growing foreign debt. [REDACTED]

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Despite gains in recent years, domestic production of foodgrains does not yet cover consumption, and Bangladesh will have to continue to supplement its production with imports to meet consumption needs. In most years, the import requirements have been met by foreign food aid, but in lean years shortfalls in production have required Bangladesh to purchase additional quantities of food on the commercial market.

Bangladesh is committed to reducing population growth, and we expect it to continue to search for a successful family planning program. We do not believe the government will undertake politically risky programs, however, and we expect that Bangladesh's daunting demographic problems, which contribute to political instability, will continue. [REDACTED]

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We do not foresee changes in Bangladesh's moderate pro-Western outlook. Another government reshuffle or military coup probably would have little impact on immediate US priorities in

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South Asia. Another change could, however, undermine what little postindependence political and economic gains the country has made.



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